

# **FISCAL NOTE**

## **HB 3914**

March 22, 2006

**SUMMARY OF BILL:** Exempts an owner of one coin-operated amusement machine from paying the master license tax.

### **ESTIMATED FISCAL IMPACT:**

**Other Fiscal Impact - The fiscal impact of this bill would be the net difference between any loss of state revenues that would occur from the proposed master license tax exemptions and any incremental state revenues that would be generated from new individuals or businesses deciding to obtain one coin-operated machine and paying the \$10 sticker tax. Therefore, the net impact to state revenues could be an increase or a decrease depending on which scenario overrides the other. Given that a \$500 decrease of revenues would be associated with each master license tax exemption, and 50 new sticker taxes (at \$10 each) would have to be levied in order to replace this lost revenue, it is estimated there would be a net decrease to state revenues. However, such amount is estimated to be not significant.**

#### Assumptions:

- The two taxes imposed on coin-operated amusement businesses are the “master license tax” and the “sticker tax.”
- The master license tax is based on the number of machines a business operates. This tax is \$500 for operating 1 to 50 machines, \$1,000 for operating 51 to 200 machines, and \$2,000 for operating more than 200 machines. The sticker tax is a flat tax of \$10 per machine.
- According to the Department of Revenue, this exemption could have a positive impact upon state revenues because individuals, who have chose not to get into the coin-operated machine business in the past due to the \$500 master license tax, would be more inclined to purchase one machine if the \$10 sticker tax was all they were obligated to pay.

- The fiscal impact of this bill would be the net difference between any loss of state revenues that would occur from the proposed master license tax exemptions and any incremental state revenues that would be generated from new individuals or businesses deciding to obtain one coin-operated machine and paying the \$10 sticker tax.
- This act shall take effect on July 1, 2005 and shall apply to tax years beginning on July 1, 2005 and thereafter.

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive, flowing style with a large initial "J" and a distinct "W".

James W. White, Executive Director